
**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/18/02



Postlethwaite & Netterville

(A Professional Accounting Corporation)

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LOUISIANA

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 1998



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana State University and Agricultural
and Mechanical College Alumni Association
Baton Rouge, Louisiana

We have audited the statement of position (modified cash basis) of the Louisiana State University and Agricultural and Mechanical College Alumni Association as of December 31, 1998, and the related modified cash basis statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting and are not intended to be presented in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State University and Agricultural & Mechanical College Alumni Association as of December 31, 1998, and its activities and cash flows for the year then ended, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the modified cash basis financial statements taken as a whole. The supplemental information on pages 13 - 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the modified cash basis financial statements; and, in our opinion, such information is fairly stated in all material respects in relation to the basic modified cash basis financial statements taken as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 9, 1999



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION
(MODIFIED CASH BASIS)
DECEMBER 31, 1998**

ASSETS

	<u>Unrestricted</u>				
	<u>Annual Operating Fund</u>	<u>Unrelated Business Income Fund</u>	<u>Restricted Fund</u>	<u>Endowed Fund</u>	<u>Lod Cook Building Fund</u>
<u>CURRENT ASSETS</u>					
Cash and cash equivalents	\$ 232,392	\$ 71,059	\$ 15,863	\$ 711,484	\$ 23,225
Receivable - other	-	-	-	161,266	-
Merchandise inventory	-	163,829	-	-	-
Total current assets	<u>232,392</u>	<u>234,888</u>	<u>15,863</u>	<u>872,750</u>	<u>23,225</u>
<u>INVESTMENTS</u>	<u>775,913</u>	<u>-</u>	<u>1,744,923</u>	<u>4,146,562</u>	<u>-</u>
<u>FIXED ASSETS</u>					
Property and equipment					
Building	-	-	-	-	4,848,502
Automobiles	101,319	-	-	-	-
Equipment	426,935	38,519	-	-	500,477
Other	-	-	-	-	11,509
Contributed property	6,500	-	-	-	-
	<u>534,754</u>	<u>38,519</u>	<u>-</u>	<u>-</u>	<u>5,360,488</u>
Less: Accumulated depreciation	<u>(382,632)</u>	<u>(26,729)</u>	<u>-</u>	<u>-</u>	<u>(920,690)</u>
	<u>152,122</u>	<u>11,790</u>	<u>-</u>	<u>-</u>	<u>4,439,798</u>
<u>INTERFUND RECEIVABLE (PAYABLE)</u>	<u>789,279</u>	<u>(578,394)</u>	<u>230,330</u>	<u>(93,938)</u>	<u>(347,277)</u>
Total Assets	<u>\$ 1,949,706</u>	<u>\$ (331,716)</u>	<u>\$ 1,991,116</u>	<u>\$ 4,925,374</u>	<u>\$ 4,115,746</u>

The accompanying notes are an integral part of this statement.



Total All Funds	
1998	(Memorandum Only) 1997
\$ 1,054,023	\$ 1,029,254
161,266	183,022
<u>163,829</u>	<u>84,171</u>
<u>1,379,118</u>	<u>1,296,447</u>
<u>6,667,398</u>	<u>5,891,268</u>
4,848,502	4,843,103
101,319	101,319
965,931	955,414
11,509	11,509
6,500	6,500
<u>5,933,761</u>	<u>5,917,845</u>
<u>(1,330,051)</u>	<u>(1,074,664)</u>
<u>4,603,710</u>	<u>4,843,181</u>
-	-
<u>\$ 12,650,226</u>	<u>\$ 12,030,896</u>



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION
(MODIFIED CASH BASIS)
DECEMBER 31, 1998**

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>				
	Annual Operating Fund	Unrelated Business Income Fund	Restricted Fund	Endowed Fund	Lod Cook Building Fund
<u>CURRENT LIABILITIES</u>					
Advances	\$ 19,988	\$ 2,218	\$ -	\$ -	\$ -
Notes payable	-	-	88,240	-	-
Total current liabilities	<u>19,988</u>	<u>2,218</u>	<u>88,240</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS (DEFICIT)</u>					
Unrestricted	1,929,718	(333,934)	-	-	-
Restricted	-	-	1,902,876	4,925,374	-
Net investment - plant	-	-	-	-	4,115,746
	<u>1,929,718</u>	<u>(333,934)</u>	<u>1,902,876</u>	<u>4,925,374</u>	<u>4,115,746</u>
 Total liabilities and net assets (deficit)	 <u>\$ 1,949,706</u>	 <u>\$ (331,716)</u>	 <u>\$ 1,991,116</u>	 <u>\$ 4,925,374</u>	 <u>\$ 4,115,746</u>

The accompanying notes are an integral part of this statement.



Total All Funds
(Memorandum Only)

1998	1997
\$ 22,206	\$ 22,634
88,240	-
110,446	22,634
1,595,784	1,460,267
6,828,250	6,242,652
4,115,746	4,305,343
12,539,780	12,008,262
\$ 12,650,226	\$ 12,030,896



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

**STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 1998**

	Unrestricted				
	Annual Operating Fund	Unrelated Business Income Fund	Restricted Fund	Endowed Fund	Lod Cook Building Fund
<u>REVENUES</u>					
Credit card income	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	1,726,517	-	460,854	316,939	184,677
Sales and trip income	-	1,149,390	-	-	-
Dividend and interest income	388	-	609,857	-	-
Gain (loss) on sale of assets - net	-	-	17,915	-	-
Other income	389,462	-	-	-	25,000
	<u>2,116,367</u>	<u>1,149,390</u>	<u>1,088,626</u>	<u>316,939</u>	<u>209,677</u>
<u>EXPENSES</u>					
	<u>2,044,236</u>	<u>1,086,004</u>	<u>819,967</u>	<u>-</u>	<u>399,274</u>
Excess (deficit) of revenues over expenses before cumulative effect of a change in accounting principle	72,131	63,386	268,659	316,939	(189,597)
Cumulative effect of change in accounting principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over expense	72,131	63,386	268,659	316,939	(189,597)
Net assets (deficit) beginning of period	<u>1,857,587</u>	<u>(397,320)</u>	<u>1,634,217</u>	<u>4,608,435</u>	<u>4,305,343</u>
Net assets (deficit) end of period	<u>\$ 1,929,718</u>	<u>\$ (333,934)</u>	<u>\$ 1,902,876</u>	<u>\$ 4,925,374</u>	<u>\$ 4,115,746</u>

The accompanying notes are an integral part of this statement.



Total All Funds (Memorandum Only)	
1998	1997
\$ -	\$ 25,474
2,688,987	2,475,383
1,149,390	839,777
610,245	517,314
17,915	(103,744)
414,462	307,788
<u>4,880,999</u>	<u>4,061,992</u>
4,349,481	3,809,962
531,518	252,030
-	<u>1,374,196</u>
531,518	1,626,226
<u>12,008,262</u>	<u>10,382,036</u>
<u>\$ 12,539,780</u>	<u>\$ 12,008,262</u>

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1998**

	<u>1998</u>	<u>1997</u>
	<u>All Funds</u>	<u>All Funds</u>
		(Memorandum Only)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Excess of revenues over expenses - modified cash basis	\$ 531,518	\$ 1,626,226
Adjustments to reconcile excess of revenues over expenses to net cash provided by operations:		
Depreciation	255,388	253,687
(Gain) loss on sale of assets	(17,915)	103,744
Net change in operating assets	(57,902)	9,949
Net change in operating liabilities	(428)	(222,584)
Decrease in deferred revenue	-	(1,374,196)
Net cash provided by operating activities	710,661	396,826
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant and equipment	(15,917)	(18,570)
Purchases of investments	(1,868,167)	(5,333,182)
Sales of investments	1,109,952	4,813,896
Net cash used in investing activities	(774,132)	(537,856)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net issuance on line of credit	88,240	-
Net cash provided by financing activities	88,240	-
Net increase (decrease) in cash and cash equivalents	24,769	(141,030)
Cash and cash equivalents at beginning of year	1,029,254	1,170,284
Cash and cash equivalents at end of year	\$ 1,054,023	\$ 1,029,254

The accompanying notes are an integral part of this statement.



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Louisiana State University and Agricultural and Mechanical College Alumni Association (the Association) is a non-profit corporation organized to foster, protect, and promote the welfare of Louisiana State University and Agricultural and Mechanical College (the University) and maintains a mutually beneficial relationship between the University and its alumni. The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code for the majority of the Association's revenues. Most of the Association's revenues are derived from contributions made by individual alumni and various organizations.

Modified Cash Basis

The Association's policy is to prepare its financial statements on the modified cash basis of accounting. That basis differs from generally accepted accounting principles primarily because the Association does not include pledges receivable, accounts payable to vendors, and their related effects on changes in fund balance. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Certain contributions of property and other items are not recorded until assets are received.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market.

Investments

Investments consist of U.S. Government and Agency issues and equity securities. The U.S. Government and Agency issues are stated at cost and the equity securities are stated at lower of cost or market. The Association intends to hold all investments to maturity.

Property and Equipment

Property and equipment is carried at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the property, ranging from four to forty years.



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
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BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. That is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

The assets, liabilities and fund balances of the Association are reported in five self-balancing fund groups as follows:

- The Annual Operating Fund, which includes unrestricted and restricted resources, represents the portion of expendable funds that are available for support of Alumni operations.
- The Unrelated Business Income fund represents funds from the gift shop and other special events.
- Restricted funds represents funds restricted by outside sources and may only be utilized in accordance with the purposes established by the sources of such funds.
- Endowed funds represent funds that are subject to restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested and only the income be used.
- The Lod Cook Building fund represents resources restricted for property and equipment acquisitions and funds expended for property and equipment and building operations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all demand deposits and money market accounts purchased with an original maturity of three months or less to be cash or cash equivalents.

Functional Expenses

The Annual Operating Fund expends funds on scholarships, other program services and management and general expenses. The restricted funds expend funds on scholarships, professorships, and trust management fees. The Lod Cook Building Fund expends funds on fund raising and operating costs of the building.

Unrelated Business Income

The Association's operations include activities which are considered taxable under the Internal Revenue Code, because they are unrelated to the exempt purpose of the organization. These activities include merchandise sales, sports trips, phone directory sales and building rental income.

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
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BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Donated Property

Donated property is carried at fair market value as determined on the date of donation.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 1998, the Association exceeded the insured limit by approximately \$152,000.

2. Related Parties

The Association is covered by insurance under the State of Louisiana Office of Risk Management.

During the year ended December 31, 1998, the Association paid approximately \$108,000 to agencies of the university for various services and supplies. In addition, the Association reimbursed the university approximately \$481,000 for salaries and other related expenses.

The Association has funds invested with the LSU Foundation totaling \$161,266 at December 31, 1998.

3. Investments

Investments are recorded at cost. Equity securities are recorded at cost. Fair values were determined using quoted market prices. Investments consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$ 4,007,229	\$ 5,448,302
Fixed Income Funds	2,168,533	2,169,358
Liquid Assets	491,636	484,964
	<u>\$ 6,667,398</u>	<u>\$ 8,102,624</u>

**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

4. Note Payable

The Association had a note payable with a bank with a balance of \$88,240 at December 31, 1998. Interest is payable quarterly at the Chase Manhattan Prime Rate which was 7.75% at December 31, 1998 and the remaining balance is due on January 1, 2000.

5. Unrelated Business Income Taxes

At December 31, 1998, the Association had a net operating loss carry forward of approximately \$1,660,000 expiring in the years 2000 - 2009 from the unrelated business income fund operations. For the year ended December 31, 1998, no deferred tax asset related to the net operating loss carryforward has been recorded due to the uncertainty of realizing this benefit.

6. Rent Expense

Total rent and lease expense incurred for the year ended December 31, 1998 was \$ 42,926. These rentals and leases are short term and cancelable by either party.

The Association has entered into a 99-year lease with the Louisiana State University for the Lod Cook Alumni Center land. The annual rent expense associated with this lease is nominal.

7. War Memorial Donation

During 1998, the Alumni Association constructed a War Memorial on the LSU Parade Grounds funded by restricted contributions. On December 21, 1998 the War Memorial was donated to the University. Contributions and expenses relating to the Memorial are included in the Restricted Fund.

8. Subsequent Events

The Alumni Association has recently contracted an architectural firm and a construction contractor to design and build a museum and a hotel behind the Lod Cook Alumni Center. Construction is anticipated to begin in August of 1999 contingent upon obtaining sufficient financing. The parking lot for the new facilities are currently under construction.

Supplemental
Information



**LOUISIANA STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE ALUMNI ASSOCIATION
BATON ROUGE, LOUISIANA**

**SCHEDULE OF EXPENSES (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 1998**

	Unrestricted				
	Annual Operating Fund	Unrelated Business Income Fund	Restricted Fund	Endowed Fund	Lod Cook Building Fund
<u>EXPENSES</u>					
Ad sales commissions	\$ -	\$ 10,598	\$ -	\$ -	\$ -
Catering expenses	70,871	-	-	-	-
Cost of merchandise sold	1,158	256,426	-	-	-
Credit card buyout	-	-	-	-	-
Depreciation	52,891	1,919	-	-	200,578
Dues and subscriptions	3,652	227	-	-	-
Fund raising expense	-	-	-	-	7,976
Gifts of appreciation	34,325	-	-	-	-
Insurance	21,527	-	-	-	-
Interest expense	1,058	294	-	-	-
Investment management and trustee fees	-	-	60,119	-	-
Miscellaneous operating services	1,796	11,725	-	-	21,275
Official functions and entertainment	30,130	-	-	-	-
Other support	20,096	-	-	-	-
Repairs and maintenance	27,968	5,854	-	-	26,661
Postage	142,077	20,050	-	-	263
Printing	222,337	18,191	-	-	-
Professorships and academic awards	19,445	-	-	-	-
Professional and contracted services	37,206	5,201	-	-	-
Promotional supplies	65,302	-	-	-	1,464
Rent	31,276	11,650	-	-	-
Salaries	695,227	207,897	-	-	51,323
Scholarships	128,754	-	284,258	-	-
Special events ticket purchases	147,940	36,447	-	-	-
Staff benefits	116,092	31,736	-	-	5,552
Supplies	31,954	16,094	-	-	2,820
Telephone	40,015	9,510	-	-	550
Travel and sports trips	101,139	442,185	-	-	115
Utilities	-	-	-	-	80,697
War Memorial	-	-	475,590	-	-
	<u>\$ 2,044,236</u>	<u>\$ 1,086,004</u>	<u>\$ 819,967</u>	<u>\$ -</u>	<u>\$ 399,274</u>



Total All Funds		(Memorandum Only)	
1998		1997	
\$	10,598	\$	23,115
	70,871		84,731
	257,584		276,410
	-		347,000
	255,388		253,687
	3,879		4,199
	7,976		23,786
	34,325		27,489
	21,527		16,154
	1,352		1,554
	60,119		31,256
	34,796		38,385
	30,130		5,959
	20,096		25,404
	60,483		78,138
	162,390		159,686
	240,528		253,134
	19,445		20,556
	42,407		39,755
	66,766		69,640
	42,926		16,505
	954,447		889,239
	413,012		358,142
	184,387		178,675
	153,380		139,262
	50,868		48,862
	50,075		53,167
	543,439		257,505
	80,697		88,567
	475,590		-
\$	4,349,481	\$	3,809,962

